

China Natural Gas, Inc.
 Form 3
 August 14, 2008

FORM 3 UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

OMB APPROVAL

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INITIAL STATEMENT OF BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934,
 Section 17(a) of the Public Utility Holding Company Act of 1935 or Section
 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

| | | | | |
|---|--|---|---|--|
| 1. Name and Address of Reporting Person * Yang Xiang Dong (Last) (First) (Middle) | 2. Date of Event Requiring Statement (Month/Day/Year) 08/06/2008 | 3. Issuer Name and Ticker or Trading Symbol China Natural Gas, Inc. [CHNG] | 4. Relationship of Reporting Person(s) to Issuer (Check all applicable) <input checked="" type="checkbox"/> Director <input type="checkbox"/> 10% Owner <input type="checkbox"/> Officer <input type="checkbox"/> Other (give title below) (specify below) | 5. If Amendment, Date Original Filed(Month/Day/Year) |
|---|--|---|---|--|

C/O ABAX GLOBAL CAPITAL
 (HONG KONG) LTD., SUITE
 6708, 67/F, TWO INT'L.
 FINANCE CTR
 (Street)

8 FINANCE STREET,
 CENTRAL, K3 SAR
 (City) (State) (Zip)

6. Individual or Joint/Group Filing(Check Applicable Line)
 Form filed by One Reporting Person
 Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Beneficially Owned

| | | | |
|------------------------------------|--|---|--|
| 1. Title of Security (Instr. 4) | 2. Amount of Securities Beneficially Owned (Instr. 4) | 3. Ownership Form: Direct (D) or Indirect (I) (Instr. 5) | 4. Nature of Indirect Beneficial Ownership (Instr. 5) |
|------------------------------------|--|---|--|

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

SEC 1473 (7-02)

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Table II - Derivative Securities Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

| | | | | | |
|---|---|--|---|---|--|
| 1. Title of Derivative Security (Instr. 4) | 2. Date Exercisable and Expiration Date (Month/Day/Year) | 3. Title and Amount of Securities Underlying Derivative Security (Instr. 4) | 4. Conversion or Exercise Price of Derivative | 5. Ownership Form of Derivative Security: | 6. Nature of Indirect Beneficial Ownership (Instr. 5) |
|---|---|--|---|---|--|

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| | Date Exercisable | Expiration Date | Title | Amount or Number of Shares | Security | Direct (D) or Indirect (I) (Instr. 5) | |
|----------|------------------|-----------------|---------------------------------|----------------------------|----------|---------------------------------------|---|
| Warrants | Â (1) | Â (1) | Common Stock, par value \$.0001 | 2,830,000 | \$ (1) | I | Warrants owned by Abax Lotus Ltd. (1) (2) |

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|--|---------------|-----------|---------|-------|
| | Director | 10% Owner | Officer | Other |
| Yang Xiang Dong C/O ABAX GLOBAL CAPITAL (HONG KONG) LTD. SUITE 6708, 67/F, TWO INT'L. FINANCE CTR 8 FINANCE STREET, CENTRAL,Â K3Â SAR | Â X | Â | Â | Â |

Signatures

/s/ Xiang Dong
Yang

08/12/2008

**Signature of
Reporting Person

Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 5(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

- (1) Abax Lotus Ltd. owns seven year warrants to purchase 2,830,000 shares of common stock, par value \$.0001, of the Company at an initial exercise price equal to \$7.3652 per share, subject to adjustments as set forth in the warrant agreement. The warrants were issued on January 29, 2008 and are exercisable at any time until their expiration on January 28, 2015. Abax Lotus Ltd. also owns 5.0% Guaranteed Senior Notes due 2014 in principal amount of RMB 283,000,000.
- (2) Mr. Yang may be deemed a controlling person of Abax Lotus Ltd.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *See* Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.